

# Department of Human Services

## Trust Fund 7290 Independent Review

### Dedicated Account

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<i>Office:</i> _____	<i>Date:</i> _____
<i>Custodian:</i> _____	<i>Custodian Supervisor:</i> _____
<i>Reviewer/ Position:</i> _____	<i>Period Reviewed:</i> _____

#### PURPOSE

The Independent Review is a management monitoring procedure that provides reasonable assurance of the proper administration of each client's dedicated trust account. The reviewer should have fiscal expertise and be independent from any dedicated trust account activity.

#### REVIEW PERIOD

The Independent Review should be conducted by the appointed reviewer semiannually to review all activity from the previous six months. An audit from the Bureau of Internal Review and Audit (BIRA) that covers the same six month period may be substituted for one of the semiannual reviews. If the office did not hold dedicated funds during the period, an independent review is not required (if this is the case, it must be documented).

#### SAMPLING METHOD

This review adopts a sample selection process in which samples are selected indiscriminately and without bias. Each item in the population has an opportunity to be selected. A sample will be selected without requiring a statistical tool for the random selection.

#### REPORTING

For each question, mark Y (yes), N (no), or N/A (not applicable) in the corresponding column of the table. For any N or N/A response, explain in the comments box how or why policy was not followed, or why the question was not applicable. Also record in the comments box any additional information requested as part of the question, or any other information that is found to be important or that is needed to further clarify a response or situation.

Use the applicable schedules A-D to complete and document the findings for each examination.

Once the review is completed, the reviewer must submit a copy of the review to the Trust Fund Coordinator by February 15 and August 15 after the end of each six month period.

## Section I: Custodian/Custodian's Supervisor

**Objective:** To ensure that the Custodian understands the responsibilities of proper management for Client's trust funds.

#	Review Questions	Y, N, N/A	Comments
1.1	Were all exceptions listed in the summary of the previous dedicated independent review corrected? (If no, list any uncorrected exceptions)		
1.2	Is the Dedicated signature card current?		
1.3	Are changes to the Dedicated signature card made through the Bureau of Finance? (Compare custodian's card with the card acquired from the Bureau of Finance and list any differences)		
1.4	Is a separate dedicated bank account set up in SAFE/CARE/EMS to track all dedicated funds?		
1.5	Is a separate dedicated client account setup for each client receiving dedicated money? (sub-accounts are not permitted)		
1.6	Is all movement of dedicated money tracked in these accounts?		
1.7	Is permission from Social Security obtained before checks are written from the account?		
1.8	Is a separate reconciliation performed on the Dedicated Account on a monthly basis?		
1.9	What can dedicated money be used for?		
1.10	What is done with the remaining balance in a closed account?		

## Section II: Case Worker/ Case Worker Supervisor

**Objective:** To ensure that Caseworker understands the responsibilities of tracking and managing individual accounts, and effectively provides for Client's needs.

#	Review Question	Y, N, N/A	Comments
2.1	What are your responsibilities in managing this account?		
2.2	Do these transactions appear to be properly posted and reasonable? (Show them the client's transaction detail)		
2.3	Do you review the client's Dedicated account on a monthly basis? If yes, what tool do you use, and what do you look for?		
2.4	Do you notify the custodian of the closure of each client's Dedicated account?		

### Section III: Check Signer

**Objective:** To ensure the Check Signer is a controlling factor for the accuracy and necessity of fund disbursements to Client.

#	Review Question	Y, N, N/A	Comments
3.1	Judgmentally select one of the check signers from the authorized list, and have them describe how they verify whether the checks which they sign are reasonable and supported with adequate documentation?		

### Section IV: Fund Disbursements (Checks)

**Objective:** To verify that checks are accurate, properly authorized, to the sole benefit of the client, and properly documented.

#### Sample Size

Using the sampling method described in the dedicated review instructions, randomly select the required sample size of checks from the Dedicated check register. Complete **Schedule A “Test of Dedicated Trust Fund Disbursements”** with the following instructions.

**4.1 Item: Supporting Documentation tying to selected checks (examples include: Receipts, Budgets, Contracts, Bills, Cost of Care, etc.)**

Every purchase or expense needs to have a supporting document validating the client's purchase or need of the expense. Use the documentation to validate the actual expense and corresponding need of the client.

**4.2 Item: Social Security Permission Documentation**

Permission from Social Security is required before any disbursement can be made from the dedicated account. This permission can come in the form of an email, letter, phone call, etc., as long as it is documented.

**4.3 Item: Form 298s**

A Form 298 must exist before a check can ever be cut. Document that each Form 298 exists and has been properly authorized. A Form 298 under \$500 must be signed by the appropriate caseworker. If the amount is over \$500, both the caseworker and the caseworker's supervisor must sign the Form.

If the check was authorized electronically in SAFE Trust Accounting, a Form 298 is not needed. Mark “N/A” in the applicable columns on Schedule A.

**4.4 Item: Supporting Documentation – Form 298s – Check register – Actual returned checks for all checks in the sample**

For each transaction, document that the amount and the provider remain the same across the supporting documentation, Form 298, check register, and the actual check.

**4.5 Item: Dedicated Signature Card**

Use the Dedicated signature card to document that the checks were authorized properly. A properly authorized check must have two signatures. Each signature must be on the signature card and neither check signer may have the ability to approve disbursements or be on the Form 298.

## Section V: Fund Receipts (Deposits)

**Objective:** To ensure that all of the client's trust money is distributed in an accurate and timely manner and that all received checks are deposited.

### Sample Size

Using the sampling method described in the dedicated review instructions, randomly select the required sample size of Dedicated clients from the client account balance report. Complete **Schedule B "Test of Dedicated Trust Fund Receipts"** with the following instructions.

#### 5.1 Item: Dedicated SSI Information Letter for each sampled client – Deposit Detail for each sampled client

Compare the Client Register with the amount listed on the Dedicated SSI Information Letter and document that the entire amount expressed in the letter has been deposited into the client's account.

#### 5.2 Item: Receipt Writer Report/Mail Log – Deposit Receipt – Deposit Detail for each sampled client

Select one deposit for each sampled client on Schedule B. Compare the dates and amounts of each of the above items to ensure the timely deposit and accurate posting of each selected deposit. Look to see that all deposits are made within 3 days of receipt, that deposits are entered into SAFE/CARE/EMS within a reasonable time period after the deposit, and that all amounts from each report are consistent from beginning to end.

Most deposits will be made into this account electronically. Because of the infrequency of these deposits, no electronic reporting system has been set up to inform the Bureau of Finance when a deposit has been made. The Bureau of Finance Trust Fund Coordinator will manually access the account history each day and let the appropriate Custodian know via email whether their client(s) have received a deposit. The email will include the name of the client, the date of the deposit, and the deposit amount. This email can be used in place of the receipt writer report/mail log and deposit receipt as the base documentation in which to compare dates and amounts. However, because the custodian is unaware of the deposit's existence until the receipt of the email, the date of the email instead of the date of the deposit should be used when determining whether a timely deposit has been made.

## Section VI: Voiding Checks

**Objective:** To verify that voided checks are handled properly to ensure that the clients' money is only benefiting the client.

### Sample Size

Using the sampling method described in the independent review instructions, randomly select the required sample size of voided checks from the Dedicated voided check report. Complete **Schedule C "Test of Dedicated Trust Fund Void and Outstanding Checks"** with the following instructions.

#### 6.1 Supervisor Approval

The custodian's supervisor must approve the voiding of any check before it can be voided. Documentation of this approval must accompany all voided checks. Determine if such approval is present for each sampled voided check. Provide an explanation for each item where approval is missing.

#### 6.2 Stop Payment Documentation

For each sampled voided check, determine if a stop payment was required. Document whether each voided check requiring a stop payment was documented with a stop payment receipt. Provide an explanation as to why a stop payment was not issued if one was required.

### **6.3 Void or Other Documentation**

List any additional documentation, such as the actual voided check or SAFE Trust Accounting printout, that may serve as proof that the check was in fact voided and not cashed. If there is no supporting documentation of any kind, gain an explanation from the custodian for why the check was voided and why there was no documentation.

### **6.4 Item: Ending months reconciliation**

Using the Dedicated reconciliation for the last month of the review period, examine the outstanding checks and deposits section. Document on **Schedule C** any check number that has been outstanding for more than 90 days (180 days for checks to Social Security) along with the date it was originally issued. List them as outstanding checks in the explanation box.

## **Section VII: Miscellaneous**

**Objective:** To ensure that various aspects of the Trust Account have been handled and are maintained properly.

### **7.1 Item: Dedicated Signature Card**

Use the Dedicated signature card to complete **Schedule D “Test of Dedicated Trust Fund Check Signers”** to test the controls accompanying the check signers.

### **7.2 Item: Voided Checks Report and Check Register Report**

Compare the checks on the Missing/Voided Check Report with the same checks on the Check Register Report. Look for any duplicate checks (rare). If any are found, look for instances where the vendors are different or where both amounts are either positive or negative. Document any finding as an exception that needs to be corrected in the summary.

### **7.3 Item: Interest deposit detail and Interest allocation**

Compare the Interest allocation report with the corresponding Dedicated client register for the review period. Ensure the deposit detail’s accuracy by checking all deposits to ensure that they match the amounts listed on the allocation report. Highlight any exceptions and include them as items to be corrected in the summary.

If an automated system is used to allocate interest and post to trust accounts (e.g. SAFE), only the Interest Deposit Detail is needed. Review the deposit detail and verify that it is reasonable. If there is anything unusual, investigate further and document any finding as an exception that needs to be corrected.

## Section VIII: Summary

The summary at the end of this document serves as a summation of the review that specifies at a glance the corrective action needed before the next review, in addition to any reminders of policy, recommendations, or recognition of exceptional conduct.

In the first section, list any finding that can and must be corrected, including those items found in question 1.1 that remain uncorrected from the previous review, or any outstanding item that should be reviewed at the beginning of the next review. Start by referencing the number in the review where the exception was found. List the name of the individual that will be making the correction and detail the required action to correct the problem. This becomes the checklist of items reviewed in question 1.1 of the following review.

The second section is reserved for findings that are cause for concern but do not require the correction of past errors. Reminders of policy for minor findings should also be listed here. Detail what the finding was and the proper policy or procedure required to be followed in the future.

The last section is for any recommendations the reviewer may have to improve efficiency, or any compliments the reviewer feels are deserved for exceptional conduct.

Review the summary with all parties involved to view the exceptions, discuss corrective action, review policy issues, recommendations, and exceptional conduct.

## Section IX: Review Report

After completing the independent review and discussing the results in the summary with all involved parties, the Trust Custodian and the Custodian's Supervisor should sign the form below indicating that the results of the review were discussed with them and that they had the opportunity for input. Their signatures do not necessarily mean that they agree with the observations.

**Trust Custodian:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Supervisor:** \_\_\_\_\_

**Date:** \_\_\_\_\_

After completing the review, sign and date the form below and communicate any suggestions or significant issues to the Bureau of Finance Trust Fund Coordinator. Also send a copy of this form, the related summary, and Schedules A-D to:

Bureau of Finance Trust Fund Coordinator  
DHS - Bureau of Finance  
195 North 1950 West  
Salt Lake City, Utah 84116

**Reviewer:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Department of Human Services  
Trust Fund 7290 Independent Review – Summary  
Dedicated Account**

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#	Individual	Corrective Action

**Findings and Reminders**

**Recommendations and Compliments**